



## International Agricultural Trade Report

April 4, 2001

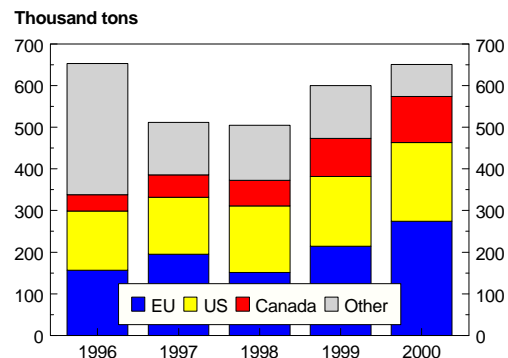
### *Dairy, Livestock, & Poultry Market Report: Japan Bans EU Pork*

#### **Japan Halts Pork Imports from its Largest Supplier Due to FMD Fears**

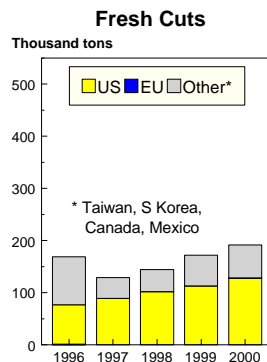
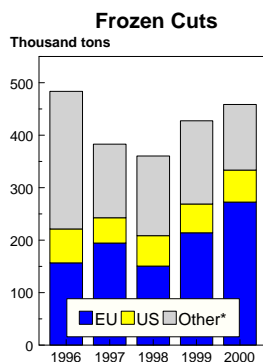
On March 24, Japan, the world's largest pork importer, temporarily banned imports of pork produced after March 1 from all EU countries due to concerns over foot-and-mouth disease (FMD). The ban is unlikely to offer additional opportunities for U.S. exports for the short term since the EU supplies frozen cuts, while the U.S. mainly sells fresh cuts.

It is uncertain how long the EU-wide ban will last. Japan's stocks of frozen pork are sufficient for 3 to 4 months. Given that EU shipments already en route when the ban was announced, pressure will be on the Japanese government to remove the ban for non-FMD EU countries (especially Denmark) more quickly as supplies will be arriving in Japan over the next several weeks. Japan stated that the ban will remain in effect until it ensures that each EU country is taking proper control measures against the disease. In 2000, Japan imported 651,000 tons of pork valued at \$3.2 billion. Of this volume, 42 percent came from the EU, while 29 percent came from the United States.

#### **EU is Largest Pork Supplier to Japan**



#### **Japan's Pork Market is Dominated by Frozen Cuts for Processing**



#### **Opportunities for US Pork Exports Limited for the Short Term...**

Japan's pork imports consist of 70 percent frozen products and 30 percent fresh/chilled cuts. Opportunities for U.S. pork exports to Japan will likely be limited for the short term as the U.S. is the major contributor to the fresh/chilled market, while the EU supplies the frozen market. Since Japan has ample frozen stocks for the short term, a temporary ban will have little effect on U.S. pork exports.

In 2000, Japan imported \$950 million worth

of pork from the United States, mostly fresh/chilled cuts, primarily for retail sales. Meanwhile, the EU dominates the frozen pork market, supplying over 42 percent of Japan's total imports, mostly frozen cuts for processing ham and sausage.

The EU share in the Japanese market has moved upward, first replacing Taiwan's share after its FMD outbreak, improving from 24 to 38 percent by 1997. The EU's share further strengthened to 42 percent in 2000 with the exit of Korea. In comparison, the US share in Japan grew from 22 percent to 27 percent after the exit of Taiwan, and increased slightly to 29 percent in 2000.

### **... As Japan's Frozen Pork Stocks are Sufficient**

In its announcement on the EU-wide ban, Japan suspended imports of pork and pork products produced after March 1. The ban effectively eliminated imports from Denmark, the largest supplier of frozen pork. Although all shipments from Denmark stopped after the announcement, it is unknown how much pork was en route to Japan. If significant volume en route was produced after March 1, Japanese traders will likely pressure the government to regionalize restrictions on FMD in the EU.

During April, Japanese traders expect continued imports of EU's pork products produced before March 1 as transportation takes approximately 40 days by ocean vessel. In addition, Japan's ham and sausage manufacturers reportedly estimate that they have a 3-month supply of frozen pork in storage.

US pork export opportunities will largely depend on the duration of the ban. If the ban is long lived, Japan will likely seek substantial supplies of pork from other sources, including the United States. It is interesting to note that Japan's pork imports from the EU dropped in February. Japan's most recent Customs data show that for the first two months in 2001, pork imports from the EU were 32,000 tons compared with 43,000 tons for the same period in 2000. Meanwhile, Japan's imports from the US for the same period increased from 29,000 to 34,000 tons. Pork imports from Canada also rose from 14,000 to 23,000 tons, at the expense of Denmark.

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